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SUBJECT: SO FAR, SO GOOD ON US-FUNDED SOCIAL PROJECT

11. (U) Summary: A status check on the U.S.-funded Social Risk Mitigation Project (SRMP) found that the World Bank-led project is exceeding its goals of boosting school enrollment and vaccination rates. Reaching nearly two million people, the program is an example of the Bank's success in helping the Turkish government improve living conditions among Turkey's large poor population. The Bank is considering continuing the program beyond its 2006 expiration, perhaps with European Union support. End summary.

Program's Goals Being Exceeded

12. (U) In February 2005, the US Ambassador signed a \$9 million ESF grant agreement with the World Bank to be used to help fund the Bank's Social Risk Mitigation Project (SRMP), which supports and helps fund Conditional Cash Transfer (CCT) payments from the Turkish Social Solidarity Fund (SSF) to poor families. Through this \$360 million program, \$260 million of which is funded by a World Bank loan, poor families receive monthly payments on the condition that they take their children (ages 0-6) for regular health checks, including the standard early-childhood vaccination series. In addition, the SSF provides payments to poor families (mostly mothers), so long as they keep their children in school. As of October 2005, the World Bank had disbursed \$146.6 million of the planned \$260 million. The \$9 million US grant portion was fully disbursed by the Bank to the SSF in September.

13. (SBU) Checking in on the project with John Innes, who oversees social sector projects in the World Bank's Ankara office, we were told that 1.9 million Turks have so far benefited from the CCT program, a whopping 46% above the original target. The program reaches the poorest 9% of the Turkish population versus an initial target of 6%. Innes noted that the original financial eligibility cut-off was set too low but that the Bank is pleased to have reached a larger population of low-income people. He said that the program will continue with or without government financing and that the Bank hopes to see the number of beneficiaries increase to 2 million.

14. (U) In a separate meeting, the SSF, the Turkish government agency that implements the project, concurred that the impacts of the CCT include an increase in school attendance rates, visits to health clinics, and the registration of births and marriages. In the longer term, the SSF expects to see an increase in schooling and literacy rates (especially among girls), an increase in secondary school attendance rates, and a decrease in childhood mortality rates.

Evaluation and Criticism

15. (SBU) The World Bank competitively awarded a contract to the International Food Policy Research Institution (IFPRI) to perform a qualitative and a quantitative evaluation of the CCT program. While the final report is not expected until late 2006, preliminary results are already coming in from the qualitative part of the assessment. According to Innes, IFPRI found the CCT program to have a positive impact on family consumption and on women. They found no indication of discrimination on ethnic or religious grounds in the implementation of the program.

16. (SBU) Innes said that some local kaymakams (sub-provincial governors) had criticized the CCT program for its alleged impact on fertility decisions. They claim that the program is undermining family planning and giving women an incentive to have more children in order to get more money. Innes felt that there is an ethnic overtone to these criticisms, in that the comments may reflect attitudes toward the mostly Kurdish, low-income population that benefits from the program. Innes countered this criticism, noting that the most important variable in family size is

girls' education, especially secondary education. The higher a woman's education level is, the fewer children she is likely to have.

Other Key Components to the SRMP

17. (U) Another key component of the SRMP is the Local Initiatives (LI) program, which gives 0% interest loans to promote self-employment among low-income groups. As of October 2005, the Bank had already committed \$100 million to the program, and 5156 projects have been approved. The goals of the LI projects include income generation, employability training, temporary employment, and the establishment and improvement of social services and infrastructure. The emphasis is on women, women's employment, rural non-farm income development, and youth inclusion. There is anecdotal evidence that the LI are meeting their goals of creating employment-generating opportunities for lower income families and are particularly well-received by the local communities.

18. (U) As a tie-in to the CCT education program, LI also includes a project called "My Beautiful School." As the Ministry of National Education does not rehabilitate schools, this program allocates approximately \$9 million for the restoration of 780 schools. The SSF, in conjunction with the provincial and sub-provincial directorates of National Education, selected the schools to be rehabilitated. The Bank estimates that one million primary and secondary school students will benefit from these upgrades.

Comment

19. (SBU) Broadening access to health and education will be the key to Turkey closing the gap in living standards with the EU. Though final results of the evaluation will provide fuller information and analysis, initial indications are that the SRMP project has made a difference in improving school enrollment and health indicators for low-income Turks. Though the project is scheduled to exhaust its current World Bank financing package in 2006, the EU and the European Investment Bank are interested in providing additional financing and the project is likely to continue. A recent Economist editorial praised this kind of conditional cash transfer project in Latin America, and we believe this project has been equally successful in Turkey.

McEldowney